

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
BAY STATE GAS COMPANY
D.T.E. 01-81**

RESPONDENT: Timothy Newhard

RECORD REQUEST: Department to the Attorney General

DATE: July 23, 2002

RR-DTE-5

(SUPPLEMENTAL): If you can provide us with information on LDCs, and not other big companies like Enron, that have suffered devastating results in this area. To indicate that the information about these LDCs that have had devastating effects as a result of programs similar to the GCIM before us, not because of some other reason.

RESPONSE: NICOR Gas Company has just reported that its earnings have been restated for the year 2000 and that it is under investigation by the Illinois Commerce Commission for the improper accounting with regards to its gas cost incentive mechanism that shares savings with customers that was only revealed by a company employee. The report of the improper accounting and the restatement of earnings has had devastating effects on other LDC's stock value causing the share price to drop 40 percent in one day as reported in the *Wall Street Journal*, on Monday July 22, 2002.